



OnPoint Technologies

***2004 Acquisition
Senior Leaders'
Conference***

***Jason Rottenberg, Managing
Director***

***Transitioning
Tomorrow's Technology
Today***

Mission

OnPoint's mission is to build an interface between the Army and the entrepreneurial community of companies and to promote, expedite, and facilitate the transition of products from these companies into the Army

Structure

- Operating as a 501c(3) not-for-profit (NFP)
- Initial endowment of \$25M – May 2003
 - Enabled via original legislation
 - Contracted with an Other Transaction Agreement
- Potential for additional allocations each year
 - Enabled via additional legislation
 - \$12.6M in Fiscal 2003
- Operating activity runs “through” its manager, MILCOM Technologies
- Fee structure incents manager to support companies transitioning products to the Army/DOD

Market Focus

OnPoint Technologies is a strategic private equity investor that focuses on discovering, investing in, and supporting companies that can bring improved and affordable mobile power and energy technology to the US Army and commercial markets.

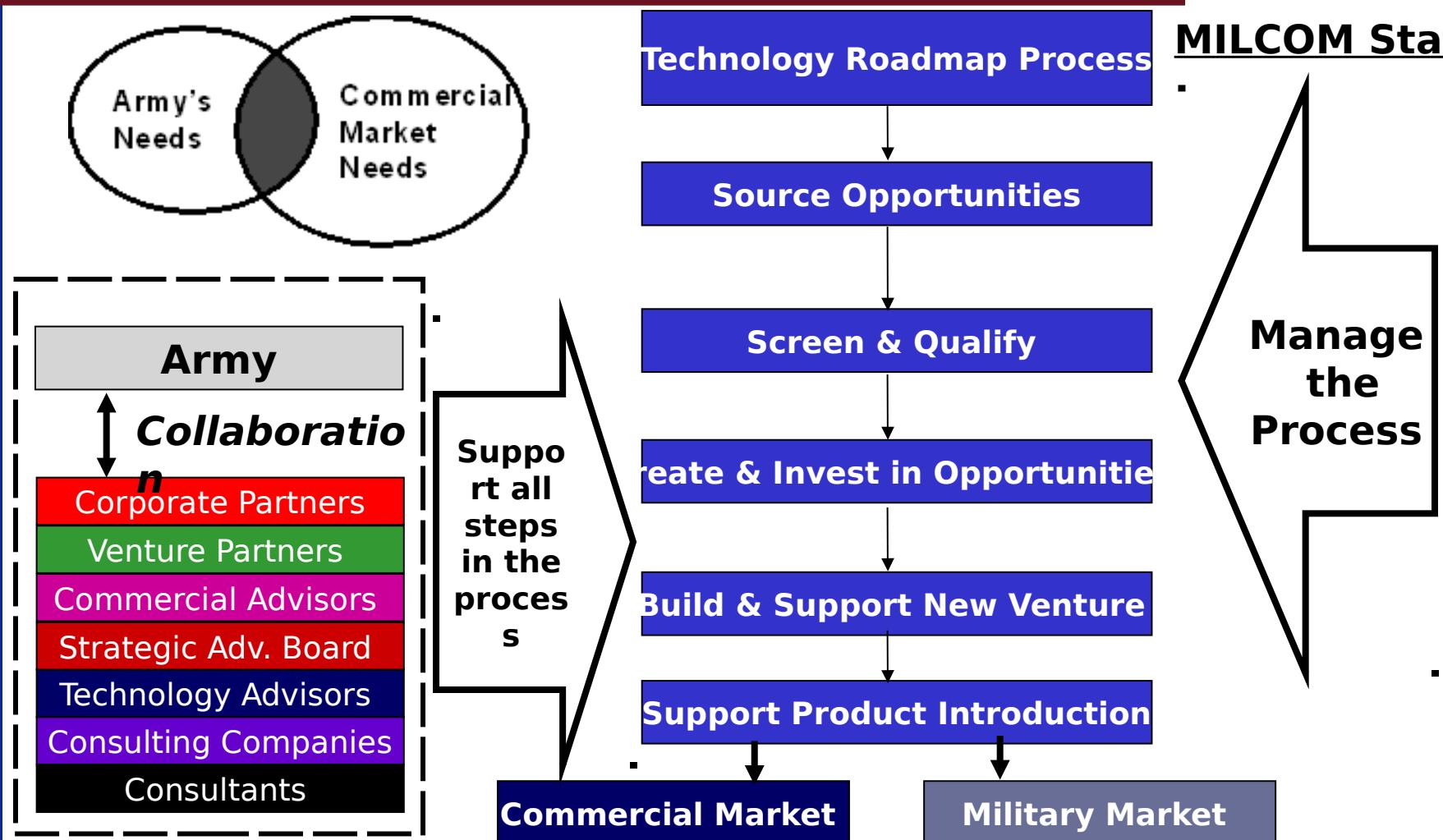
Operations

- Technology guidance from the Army
- Supervision of OnPoint by the Board of Trustees
- Managed by MILCOM Technologies
 - Needs Assessment / Investment Thesis (Technology Roadmap)
 - Opportunity Identification
 - Opportunity Validation
 - Opportunity Execution
 - Portfolio Management

Board of Trustees

- Paul “Page” Hoeper - Former Assistant Secretary of the Army for Acquisition, Logistics and Technology
- Paul Gompers - Professor, Harvard Business School - Venture Capital, especially Corporate
- Harkley Thornton - West Point Graduate and Successful Entrepreneur
- Mike Buffa - Chairman of the Board of Trustees for OnPoint and Chairman of the Board and CEO of MILCOM
- Jason Rottenberg - Managing Director of OnPoint and President of MILCOM

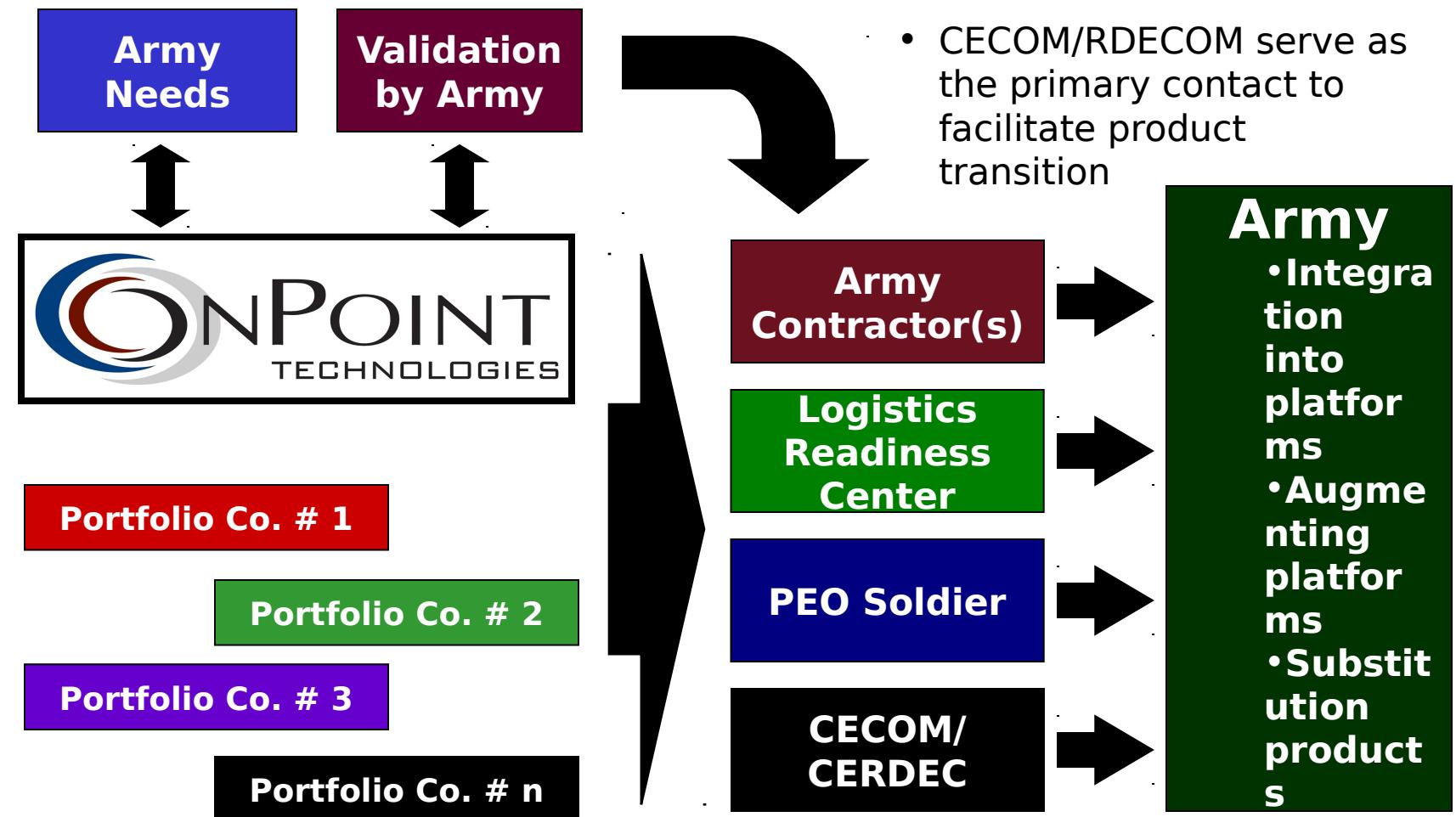
OnPoint Management Process



Management Strategy

- Accept as much guidance and contribution as possible from the Army and DoD
- Successfully complement the Army's other funding programs and structures
- Leverage MILCOM processes, structure, and relationships to become established quickly
- Develop and refine comprehensive technology roadmap and “investment” thesis

Transition Model



Example Opportunity Analysis

- **Problem:**
 - The Army's non-rechargeable batteries do not include an indicator for state-of-charge. As a result, soldiers normally utilize only 50% of battery capacity.
- **Solution:**
 - Low cost and accurate state-of-charge indicator
- **Potential Benefits:**
 - Reduce battery costs (\$34M - \$75M annually depending on implementation)
 - Reduce soldier load per mission (2.2 -3 lbs for an 8 hour mission)
 - Reduce logistics load by up to approximately 600 tons per year

PowerPrecise Solutions

- Power management technology with strong commercial potential
- Structured commitment to deliver products to the Army
- Ability to serve immediate and acute Army need - state of charge indicators for non-rechargeable batteries
 - Company has delivered evaluation units to CERDEC
 - Working with current battery vendors to accelerate fielding with engineering change proposal
 - Targeting immediate transition
- OnPoint lead \$3M round of financing with \$1.5M
 - Completed \$200,000 bridge financing to accelerate development
- Several commercial customers already identified
- Army will leverage technology and products developed for commercial customers

Cost ROI

	Scenario 1		Scenario 2	
	<u>LiSO2</u>	<u>LiMnO2</u>	<u>LiSO2</u>	<u>LiMnO2</u>
Current Monthly Consumption (units)	90,000	30,000	140,000	60,000
Average remaining charge	50%	50%	50%	50%
Targeted remaining charge	25%	25%	15%	15%
Projected consumption with SOC indicator	60,000	20,000	82,353	35,295
Current cost per unit	\$77	\$100	\$77	\$100
SOC cost per unit	\$6	\$6	\$6	\$6
Expected cost per unit	<u>\$83</u>	<u>\$106</u>	<u>\$83</u>	<u>\$106</u>
Current monthly cost	\$6,930,000	\$3,000,000	\$10,780,000	\$6,000,000
Expected monthly cost	<u>\$4,980,000</u>	<u>\$2,120,000</u>	<u>\$6,835,299</u>	<u>\$3,741,270</u>
Monthly savings attributable to the SOC	<u><u>\$1,950,000</u></u>	<u><u>\$880,000</u></u>	<u><u>\$3,944,701</u></u>	<u><u>\$2,258,730</u></u>
Yearly savings assuming 100%	\$23,400,000	\$10,560,000	\$47,336,412	\$27,104,760
	\$33,960,000		\$74,441,172	

Logistics/Operational ROI

Reduced Logistics		
	<u>LiSO2</u>	<u>LiMnO2</u>
Current Monthly Consumption (units)	90,000	30,000
Average remaining charge	50%	50%
Targeted remaining charge	25%	25%
Projected consumption with SOC indicator	60,000	20,000
Weight per battery (kg)	1.0	1.3
Monthly reduction in logistics weight for batteries	30,000	13,000
Yearly reduction assuming 100%	360,000	156,000
	516,000	

Reduced Mission Weight		
	<u>LiSO2</u>	<u>LiMnO2</u>
Weight (grams)	1,000	1,300
Batteries Required per Mission	4	3
Average Mission Weight (grams)	4,000	3,900
Ah per battery	7.50	11.00
Average remaining charge	50%	50%
Average Ah used per mission	15.00	16.50
Targeted remaining charge	25%	25%
Adjusted Batteries Required per Mission	3	2

Weight Saved per Mission (grams) **1,000** **1,300**

CECOM / OnPoint Teamwork

... Rapid Success - On Time & Under Budget

June 2003: State of Charge Indicator (SOCl) identified as a high priority target for OnPoint

September 2003: POWERPRECISE identified

January 2004: OnPoint advances POWERPRECISE funds to begin SOCl development

April 2004: POWERPRECISE Delivers Prototype SOCl Chips and Display circuit boards in April 2004

On Time and On Budget
Product Exceeds all Technical Specifications
Target Cost estimated at \$8 additional per Battery

June 2004: EaglePicher and POWERPRECISE collaborate on a fully Integrated BA5590 with SOCl for June Army PowerSources Conference

August 2004: First Article Production in Process

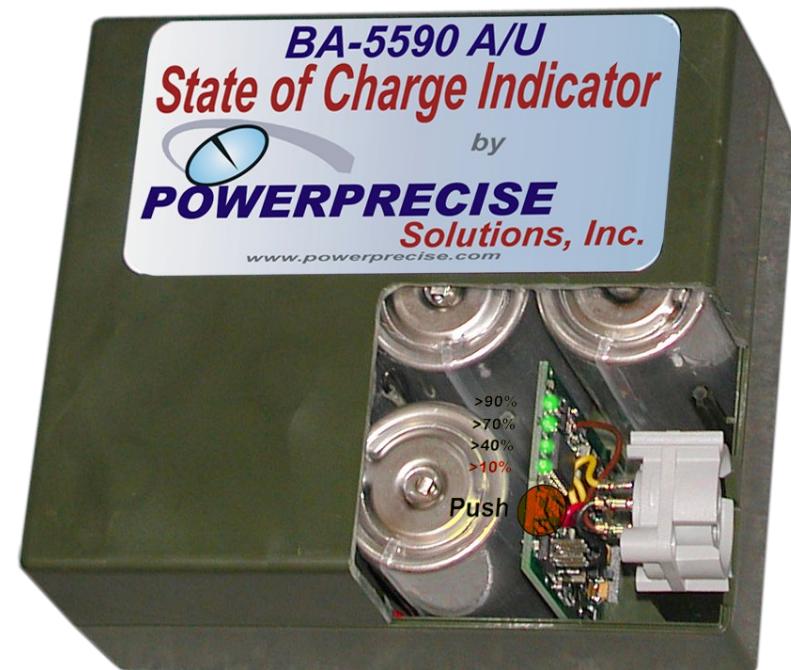
*500K Quantity Pricing of BA5590 with SOCl will be
only \$4 more than today's Battery*

September 2004: Full Production BA5590 with SOCl set to begin for October/November Shipments

A Solution Ready for Fielding



- Design is completely integrated into existing well-known platform



- High focus on ease-of-use and simplicity under a variety of operating conditions

Opportunity Pipeline Overview

- Over 160 opportunities have entered the process
- Varied focus areas
 - Fuel Cell >20%
 - Batteries >20%
 - Power and Other Electronics >20%
 - Renewable >10%
- Varied sources
 - MILCOM
 - Other investors
 - Press coverage and marketing efforts
 - Army
- Varied level of maturity

Investment Leverage

	OnPoint (in thousands)	Co- Investment	investors	Total
Integrated Fuel Cell Technologies	\$600	\$3,600	\$4,200	
PowerPrecise Solutions	1,500	1,500	3,000	
Ultracell	900	3,600	4,500	
A123 Systems	900	19,100	20,000	
Powergenix	1,000	9,000	10,000	
	\$4,900	\$36,800	\$41,700	
	11.75%			

- Normally, OnPoint will represent a small portion of each financing - but obtain high leverage
- In certain situations(PowerPrecise), OnPoint will represent a larger share of the financing in order to wield greater influence with the company

Summary

- Over the last 12 months, OnPoint has invested in 5 companies
- Over the next 12 months, OnPoint expects to invest in 4-6 new opportunities
- To date, OnPoint has leveraged its co-investors at a rate of 1:8
- OnPoint expects to facilitate product transition from a portfolio company to the Army within the next 6 months
- As portfolio of investments becomes more noteworthy, OnPoint's ability to attract high-quality opportunities and co-investors will grow

Final Thought

- Investment style: “Needs-based”
- Market focus: Intersection of commercial and Army needs
- Current technical focus: mobile power and energy technologies
- Strategic focus: Transitioning technologies that impact operations, logistics and cost

Your input, guidance and effort, dramatically impacts our success



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